

Message Text

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42

ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 EB-07 L-03 SP-02 CIAE-00 INR-07

NSAE-00 COME-00 FRB-03 OMB-01 AID-05 IGA-01 /036 W

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R 270754Z JUN 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4910

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USADB

PASS TREASURY FOR ZINMAN

E.O. 11652: ADS, DECLAS 6/27/76

TAGS: EAID, EFIN

SUBJECT: ADB CAPITAL INCREASE

REF: A) MANILA 3342; B) TRSY 75-84; C) SIMON LTR
OF 23 APRIL, 1975

SUMMARY: ADB BD OF DIRECTORS ACCEPTED U.S. PARTIAL
SUBSCRIPTION TO CAPITAL INCREASE AND APPROVED FURTHER
EXTENSION OF TIME FOR SUBSCRIPTION. SEVERAL
DIRECTORS EXPRESSED CONCERN ABOUT POSSIBLE ADVERSE
IMPACT ON BANK'S BORROWING CAPACITY THROUGH
NON-APPROPRIATION OF CALLABLE CAPITAL PORTION. END
SUMMARY.

1. ADB BOARD OF DIRECTORS ON JUNE 26 VOTED TO ACCEPT
U.S. PARTIAL SUBSCRIPTION AND FURTHER EXTENSION OF TIME
FOR SUBSCRIPTION PER ADB DOC. R-47-75 (REF A REFERS).

2. DURING BD DISCUSSION, SEVERAL DIRECTORS EXPRESSED
CONCERN ABOUT POSSIBLE ADVERSE EFFECT ON BANK'S
BORROWING CAPACTIY AS RESULT USG NOT APPROPRIATING
CALLABLE CAPITAL PROTION.

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3. IN RESPONSE, PRESIDENT NOTED AND SEVERAL DIRECTORS ACKNOWLEDGED WITH APPRECIATION, ASSURANCES PROVIDED BY USG, PARTICULARLY SECSIMON LTR OF 23 APRIL, THAT CALLABLE PORTION OF U.S. CONTRIBUTION HAS STATUS OF OBLIGATIONS BACKED BY QUOTE FULL FAITH AND CREDIT UNQUOTE OF U.S.

4. PRIOR TO BD DISCUSSION, SEVERAL DIRECTORS (NOTABLY JAPANESE AND AUSTRALIAN) HAD COMMUNICATED WITH U.S. DIRECTOR AND ADB PRESIDENT, SEEKING LEGAL INTERPRETATION; IMPLICATIONS FOR ADB BORROWING OF UNAPPROPRIATED U.S. CALLABLE CAPITAL. AUSTRALIAN DIRECTOR'S MEMO TO PRESIDENT EXPRESSED CONCERN HIS GOVT. AT POSSIBLE IMPACT QUOTE ON THE SCOPE AND COST OF THE BANK'S BORROWING PROGRAMME UNQUOTE AND NOTED AUSTRALIAN GOVT. VIEW THAT BANK SHOULD ACCEPT U.S. SUBSCRIPTION QUOTE SUBJECT TO THE EARLIEST ENDEAVORS BY THE U.S. ADMINISTRATION TO OBTAIN THE NECESSARY APPROPRIATION FOR THE CALLABLE PORTION OF THE SUBSCRIPTION UNQUOTE.

5. LEGAL QUESTIONS RAISED BY THE JAPANESE DIRECTOR WERE RESPONDED TO WITH INFO PROVIDED REF B.

6. DURING BD DISCUSSION GENERAL COUNSEL STATED THAT IF BOARD ACCEPTED CONTRIBUTION THIS DATE, U.S. SUBSCRIPTION WOULD BECOME EFFECTIVE IMMEDIATELY UPON NOTIFICATION TO THE U.S. OF AFFIRMATIVE BANK ACTION. GENERAL COUNSEL ADDED THAT WITH RESPECT TO QUESTION REGARDING FURTHER EXTENSION TO END OF 1975 FOR ADDITIONAL CONTRIBUTION, THAT THERE WAS NO REPEAT NO REQUIREMENT FOR BD OF GOVERNORS VOTE TO DECIDE UPON THIS BEFORE 30 JUNE, 1975.

7. BD THEN VOTED APPROVAL OF SUBJECT INCREASE AND LATER PRESIDENT TRANSMITTED FOLLOWING LTR TO U.S. DIRECTOR DATED 26 JUNE, 1975.

8. QUOTE. DEAR MR.BEACH, I REFER TO THE LETTER FROM SECRETARY SIMON DATED 23 APRIL 1975 WHEREBY, SUBJECT TO BANK APPROVAL, THE UNITED STATES SUBSCRIBED TO LIMITED OFFICIAL USE

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2,000 ADDITIONAL SHARES OF THE AUTHORIZED PAID-IN CAPITAL STOCK OF THE BANK AND TO 8,000 SHARES OF THE AUTHORIZED CALLABLE CAPITAL STOCK OF THE BANK.

9. I AM PLEASED TO CONFIRM THAT THE BANK ACCEPTS THIS SUBSCRIPTION BY THE UNITED STATES, WHICH WILL ACCORDINGLY TAKE EFFECT AS OF THE DATE OF THIS LETTER. WOULD YOU PLEASE CONVEY THIS INFORMATION TO THE

GOVERNMENT OF THE UNITED STATES. YOURS SINCERELY,
SHIRO INOUE, PRESIDENT. END QUOTE.

10. GENERAL COUNSEL HAS INDICATED MAIL VOTE OF BD
OF GOVERNORS ON TIME EXTENSION WOULD HAVE 28 DAY
SUSPENSE DATE.
PURNELL

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: CAPITAL (FINANCE)
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA08856
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750224-0047
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750610/aaaaaiiv.tel
Line Count: 122
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Original Handling Restrictions: n/a
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Review Authority: greeneet
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Review Content Flags:
Review Date: 22 JUL 2003
Review Event:
Review Exemptions: n/a
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Margaret P. Grafeld
Declassified/Released
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EO Systematic Review
06 JUL 2006

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Subject: ADB CAPITAL INCREASE
TAGS: EAID, EFIN, RP, US
To: STATE
Type: TE
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